Honourable Hugh A. Curtis, Minister

Ministry of Finance

Annual Report

For the year ended December 31, 1982

Province of
British Columbia

The Honourable Henry P. Bell-Irving,
D.S.O., O.B.E., E.D.,
Lieutenant Governor of the
Province of British Columbia

MAY IT PLEASE YOUR HONOUR:

I have the honour, Sir, to submit the Annual Report of the Ministry of Finance for the year ended December 31, 1982.

Hugh A. Curtis
Minister of Finance.

The Honourable Hugh A. Curtis
Minister of Finance
Parliament Buildings
Victoria, British Columbia

Sir:

I have the honour to submit for your consideration the Annual Report of the Ministry of Finance for the year ending December 31, 1982.

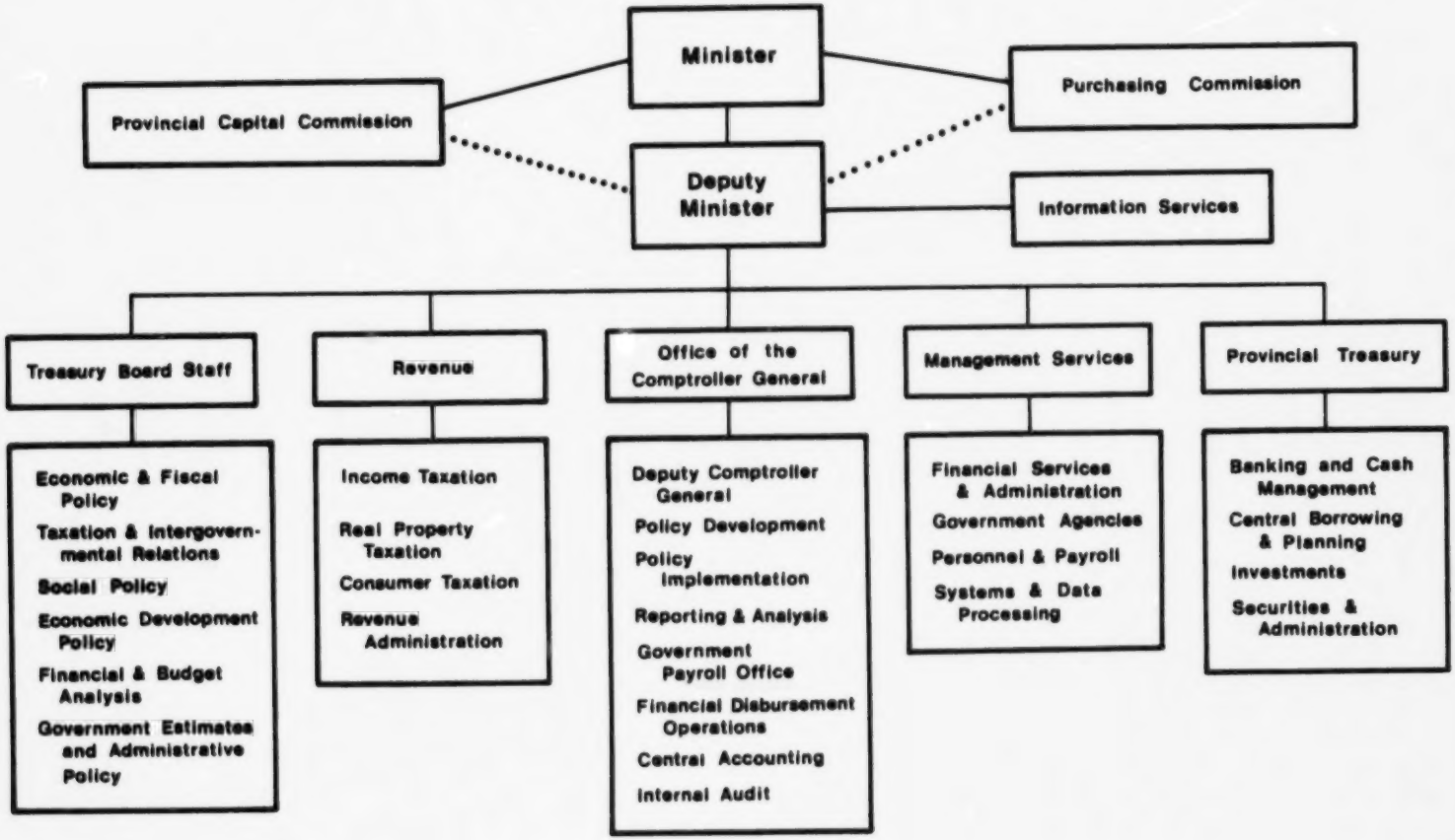
L. I. Bell
Deputy Minister.

MINISTRY OF FINANCE OFFICERS

Minister	Honourable Hugh A. Curtis
Deputy Minister and Secretary, Treasury Board	L. I. Bell
Treasury Board Staff	D. L. Emerson Deputy Secretary and Assistant Deputy Minister
	P. G. Halkett Director, Taxation and Intergovernmental Relations
	D. M. Hyndman Director, Economic and Fiscal Policy
	D. E. Allen Director, Government Estimates and Administrative Policy
	Alan Eastwood Director, Financial and Budget Analysis Policy
	W. E. Evans Director, Economic Development Policy
	P. J. Adams Director, Social Policy
Revenue	K. M. Lightbody Assistant Deputy Minister
	E. J. Turner Executive Director, Consumer Taxation
	A. B. Carver Acting Director, Income Taxation
	C. E. Holder Director, Real Property Taxation
	Norman Mogensen Director, Revenue Administration
Office of the Comptroller General	D. B. Marson Comptroller General
	K. M. Prowse Deputy Comptroller General
	R. C. Corbeil Director, Policy Development
	R. L. Hunter Director, Policy Implementation
	M. A. Petrie Director, Reporting and Analysis
	J. P. Stevenson Acting Director, Government Payroll Office

	J. A. Lambeth Acting Director, Financial Disbursement Operations
	A. C. Pickering Director, Central Accounts
	F. G. Hepburn Executive Director, Internal Audit
Provincial Treasury	H. G. Ferguson Assistant Deputy Minister
	D. G. Pearce Director, Banking and Cash Management
	L. A. Blain Director, Central Borrowing and Planning
	R. W. Vipond Director, Investments
	K. E. Littler Director, Securities and Administration
Management Services	R. A. Messent Executive Director
	R. D. Krowchuk Director, Financial Services and Administration
	A. R. Horner (as of July 26) Acting Director, Personnel and Payroll
	P. W. Wilkinson Director, Systems and Data Processing
	G. L. Brodie Director, Government Agencies
Information Services	C. L. Temple Director
Purchasing Commission	A. W. Charlton Chairman (retired November 24)
Provincial Capital Commission	Kenneth Patton Acting Manager

MINISTRY OF FINANCE



DEPUTY MINISTER'S MESSAGE

The year 1982 was one of productivity and achievement for the Ministry of Finance. Documentation of the Ministry's responsibilities and activities in policy and procedure manuals was completed, and we have progressed to a careful examination of the costs and related benefits of ministry activities. Our goal is to simplify procedures and, at the same time, to strike a balance between the cost of producing various documents and their actual value in the over-all process of government.

With this in mind, we have set targets to reduce the paper flow throughout the ministry, including an aimed-for 50 per cent reduction within Treasury Board Staff and the Office of the Comptroller General. The ministry's Revenue Division continues to improve its administration of the various taxation statutes, with its aim a higher level of taxpayer compliance achieved through a broad program of taxpayer education. Tax collection is a challenge in good economic times and a much greater challenge in difficult times such as we have experienced in British Columbia lately, and a professional and judicious approach to tax administration is required at all times.

Towards the overall goal of streamlined, more efficient procedures the recently-formed Management Services Division has provided a detailed breakdown of the costs of daily ministry activities and hiring procedures. The Provincial Treasury is working towards greater efficiency in the management of provincial and provincially trusteed funds. The Purchasing Commission is attempting, through increased use of computer systems, to reach its goal of greater efficiency in the requisitioning and purchase of goods required throughout government.

During 1983, the Finance Ministry will pursue these goals and at the same time assist in reaching the major provincial government goal—to decrease both the size and the cost of government. I am confident that the skilled and highly motivated staff of the Finance Ministry will do all they can to turn these challenges into achievements.

L. I. Bell
Deputy Minister.

TREASURY BOARD STAFF

During 1982, the Economics and Policy Division was amalgamated with *Treasury Board Staff* in order to integrate revenue, expenditure and economic policy decision making. The amalgamation resulted in a decrease in staff as well as a spending level 14 per cent below original estimates.

The primary objective of the division is to provide Treasury Board and the Minister of Finance with analyses of, and advice on economic, fiscal and budgetary questions facing the Province. Division staff prepare the annual *Budget Speech*, *Background Papers*, and *Estimates*. As well, Treasury Board Staff provides advice in developing the Province's position on fiscal relations with other jurisdictions and levels of government.

The division has six branches:

- Taxation and Intergovernmental Relations
- Economic and Fiscal Policy
- Government Estimates and Administrative Policy
- Financial and Budget Analysis Policy
- Economic Development Policy
- Social Policy

For 1982, the division set the following objectives:

- to place greater emphasis on major policy and resource allocation decisions by refining the budget process;
- to bring on-line the interactive estimates system (a computerized system for developing and monitoring the annual provincial budget) in order to integrate the capital and operational budget processes;
- to place greater emphasis on larger policy issues by reducing the division's involvement with operational decisions in ministries, and
- to redraft Treasury Board directives to emphasize ministerial accountability and to reduce the amount of paper flow between Treasury Board Staff and the ministries.

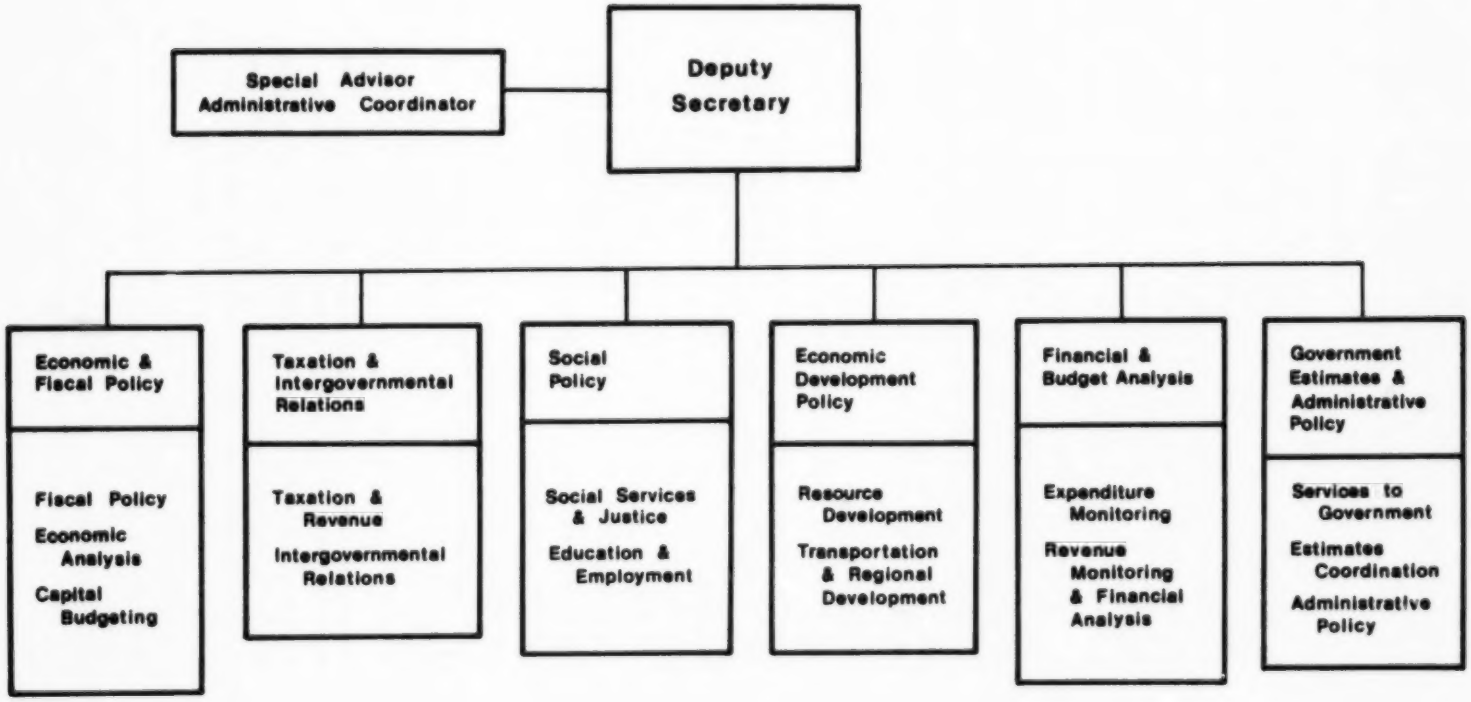
The division met these objectives, and in the process reduced the number of Treasury Board submissions (requests to Treasury Board from government ministries to allow the expenditure of funds on goods, services or capital investments) to 884 in 1982, a 30.3 per cent reduction from the 1,267 received in 1981. The division plans a similar reduction in 1983.

Taxation and Intergovernmental Relations Branch

The *Taxation and Intergovernmental Relations Branch* provides the Minister of Finance with analysis of and recommendations on provincial taxation and intergovernmental fiscal issues. The branch also undertakes analyses of taxation levels on various economic sectors.

In 1982, the branch initiated studies on a number of taxation, revenue and intergovernmental issues including a comparative study of taxation among the provinces. A renegotiation of many of the provisions of the *Federal-Provincial Fiscal Relations and Established Programs Financing Act, 1977* was begun. Efforts centered on developing a provincial position on Established Programs Financing, the legislation governing the transfer of federal funds for health and education programs. In addition, other fiscal arrangements such as reciprocal taxation and a tax collection agreement between British Columbia and Ottawa were dealt with.

TREASURY BOARD STAFF



The branch provided advice on emerging issues in its areas of concern. Among proposals drawn up, was the introduction into the Province's property taxation system of a variable mill rate. In addition, the branch analyzed the tax measures of the Province's 1982 budget, and their effects on the government's revenue position.

The Economic and Fiscal Policy Branch

The *Economic and Fiscal Policy Branch* assists in the preparation of the annual *Budget Speech* and *Background Papers* and is responsible each year for the preparation of the *Financial and Economic Review*. The branch's duties include the analysis, monitoring and forecasting of economic conditions for the Province as well as the coordination of capital budget preparation for government programs. Fiscal planning and the coordination of revenue, expenditure and financial forecasts are also carried out. In addition, the branch provides system and data processing support to other parts of the division.

Late in 1982, the branch improved its economic forecasting by broadening the information base on which forecasts are predicated. The fiscal framework (a summary of the current economic situation and of forecasts plus current revenue and expenditure information) was broadened to include capital budgets and Crown corporation projects by taking into account the future budgetary impact of projects and programs financed through borrowing. The branch simplified the capital budgeting system and expanded it to cover all ministries.

Government Estimates and Administrative Policy Branch

The *Government Estimates and Administrative Policy Branch* coordinates preparation of the government's expenditure *Estimates*, and develops and implements government-wide administrative policy. In addition, the branch assists the four ministries and four offices providing services to government, in the preparation of their budgets:

- Finance
- Provincial Secretary and Government Services
- Consumer and Corporate Affairs
- Intergovernmental Relations
- Premier's Office
- Legislative Assembly
- Ombudsman
- Auditor General

The branch also assists these ministries and offices with policy development, evaluates their programs and monitors their expenditures.

The branch cooperated with other division branches to ensure a uniform interpretation of Treasury Board policies, and with other government central agencies to eliminate duplicate requests for information from ministries. The branch standardized and improved budget policies and procedures for all ministries and offices.

The branch also administered the Suggestion Awards Program, which encourages government employees to submit ideas streamlining procedures, lowering costs or otherwise increasing the efficiency of government operations. In 1982, a total of 283 submissions was received by the branch for the program. After careful review and evaluation of all submissions, 21 government employees received cash awards

totalling $5,950. Three non-cash awards were also made during the year. The branch calculates that the government saved $428,000 in 1982 due to these cost saving suggestions.

Financial and Budget Analysis Policy Branch

The *Financial and Budget Analysis Policy Branch* revises government budget forecasts during the year on a regular basis and assesses the financial impact of legislative proposals. In 1982, the branch developed new systems for forecasting government cash flow and for monitoring the budget. The branch also monitored ministry expenditures, including those from special purpose funds and accounts. The revenue budgets of ministries were also monitored, including revenue from fees and licences, and from federal-provincial agreements. The branch reviewed the forecast for government revenue at regular intervals during the year and revenue and expenditure of those Crown corporations having a direct impact on the provincial budget were also monitored. The branch carried out a number of financial analysis projects, including several on government debt and on pension policy. In addition, the branch was responsible for producing three *Quarterly Financial Reports* by the required dates, and for preparing information on the revenue and expenditure of the Province for inclusion in Crown corporation borrowing prospectuses.

Economic Development Policy Branch

The *Economic Development Policy Branch* analyzes Treasury Board submissions, reviews programs and monitors expenditures of nine ministries:

- Agriculture and Food
- Energy, Mines and Petroleum Resources
- Environment
- Forests
- Industry and Small Business Development
- Lands, Parks and Housing
- Municipal Affairs
- Tourism
- Transportation and Highways

The branch also performs analyses of, and makes recommendations on economic development policy issues facing the government. The branch assists in the preparation of the annual *Estimates* by aiding each of the above ministries in the preparation of its budget material for Treasury Board consideration.

In 1982, monthly management-oriented financial reports were prepared to ensure ministry expenditures complied with the estimates for the year. The branch also established regular contacts during the year with the following Crown corporations to anticipate their capital or operating financial needs: Pacific Coach Lines, British Columbia Ferry Corporation, British Columbia Transit, British Columbia Steamships and British Columbia Place.

Social Policy Branch

The *Social Policy Branch* reviews all Treasury Board and Cabinet submissions for the six ministries delivering social programs:

- Health
- Education
- Human Resources
- Attorney General
- Labour
- Universities, Science and Communications

The branch provides advice to Treasury Board on alternative funding options for the social ministries, particularly during the preparation of the provincial estimates and budget. In addition, the branch monitors the expenditures of these ministries.

All legislation and submissions to the Cabinet committee on social services are reviewed by the branch for their financial implications and to ensure consistency with other government policy initiatives.

During the year, the branch prepared financial reports on ministry expenditures as well as Treasury Board briefing books. The integration of the operational and capital budget systems, which the division undertook during the year, resulted in greater budgeting efficiency for a number of social ministries. The branch coordinated the implementation of the new system for the Ministries of Health, Education, Attorney General and Universities, Science and Communications.

Members of the Social Policy Branch participated in a variety of interministerial committees including the Joint Committee on Medical Manpower initiated by the Ministry of Health and the British Columbia Medical Association.

The success of Treasury Board Staff in carrying out its duties was measured by the following comparisons:

- the division budget as a percentage of the provincial budget, is compared with the prior year's percentage.
- the staffing level measured in person/years (one regular employee working regular hours for 12 months equals one person/year) is compared with the prior year's figure,
- the division budget is compared with that of its functional counterparts in other provinces as percentages of the provincial budgets.

Because amalgamation invalidated the old standards, the division has begun development of new benchmarks against which these comparisons can be measured. The comparisons themselves follow:

Fiscal Year	Staff Person/Years	Division Budget (000s)	Division as % of Provincial Budget
81/82	95	3,536	.058
82/83	87	3,375	.04

The 1982/83 budget of Treasury Board Staff also compared favourably with budgets of its functional counterparts in other provinces:

Province	Percentage of Province's Budget
British Columbia	.04%
Saskatchewan	.05%
Manitoba	.04%
Alberta	.025%

In 1982, Treasury Board Staff completed a variety of major assignments including the review of the federal government's pension policy. Numerous minor or routine assignments were also completed for the minister, the deputy minister and the deputy secretary of Treasury Board.

OFFICE OF THE COMPTROLLER GENERAL

The *Office of the Comptroller General* verifies expenditures and maintains central accounting, reporting, and payment systems for the government. It also advises Treasury Board on government accounting and financial administration policies, and provides internal audit services for the independent review of government financial control systems.

In 1982, the Office of the Comptroller General consisted of eight units:

- Office of the Deputy Comptroller General
- Policy Development
- Policy Implementation
- Reporting and Analysis
- Government Payroll Office
- Financial Disbursement Operations
- Central Accounting
- Internal Audit

For 1982, the Office of the Comptroller General set the following objectives:

- to continue upgrading financial management in government;
- to improve the current system of disbursement control;
- to implement a new personnel payroll system, and
- to upgrade the effectiveness of the government's internal audit function.

Policy Development Branch

The *Policy Development Branch* develops all government-wide accounting and financial administration policy for Treasury Board approval. The branch ensures the overall integrity of the government's financial legislation and the financial provisions contained in the operating statutes. In addition, the Policy Development Branch ensures the continuing development and maintenance of financial administration in government.

The following objectives were set for the branch during 1982:

- to review, develop and communicate government-wide financial administration policy on an ongoing basis,
- to review all legislative proposals for financial management implications, and
- to design, implement, and administer orientation and training programs in order to upgrade knowledge and skills in government financial management and control.

To meet these 1982 objectives, the branch maintained communication with ministries on financial policy systems, controls, and other related matters through regular meetings of the *Council of Ministry Executive Financial Officers* and the *Council of Ministry Senior Financial Officers*. Regular communication throughout the year was also established with a number of interministerial advisory groups to guide and assist in the development of government financial administration policy.

A review of all 1982 legislative proposals was completed on schedule, as were the development and approval of nine major additions to policies required under the *Financial Administration Act*.

During the year, the branch also presented 67 orientation seminars on the *Financial Administration Act* and its related policies to more than 1,600 government employees and to a further 150 persons employed by federal and municipal governments, management consultants and other individuals specializing in financial aspects of the public sector. The branch designed and administered, in cooperation with the Public Service Commission, the British Columbia Financial Management Certificate Program and the Government Financial Management and Control Course, both implemented in the fall of 1982. At year-end, six government employees had graduated from the program and 20 had successfully completed the course.

In addition, the branch managed and controlled the *Treasury Board Financial Administration Policy Manual*.

Policy Implementation Branch

The *Policy Implementation Branch* assists and advises ministries in planning and implementing the provisions of the *Financial Administration Act* and its related policies. The branch also monitors the development of financial controls used in accounting procedures and computer systems throughout government.

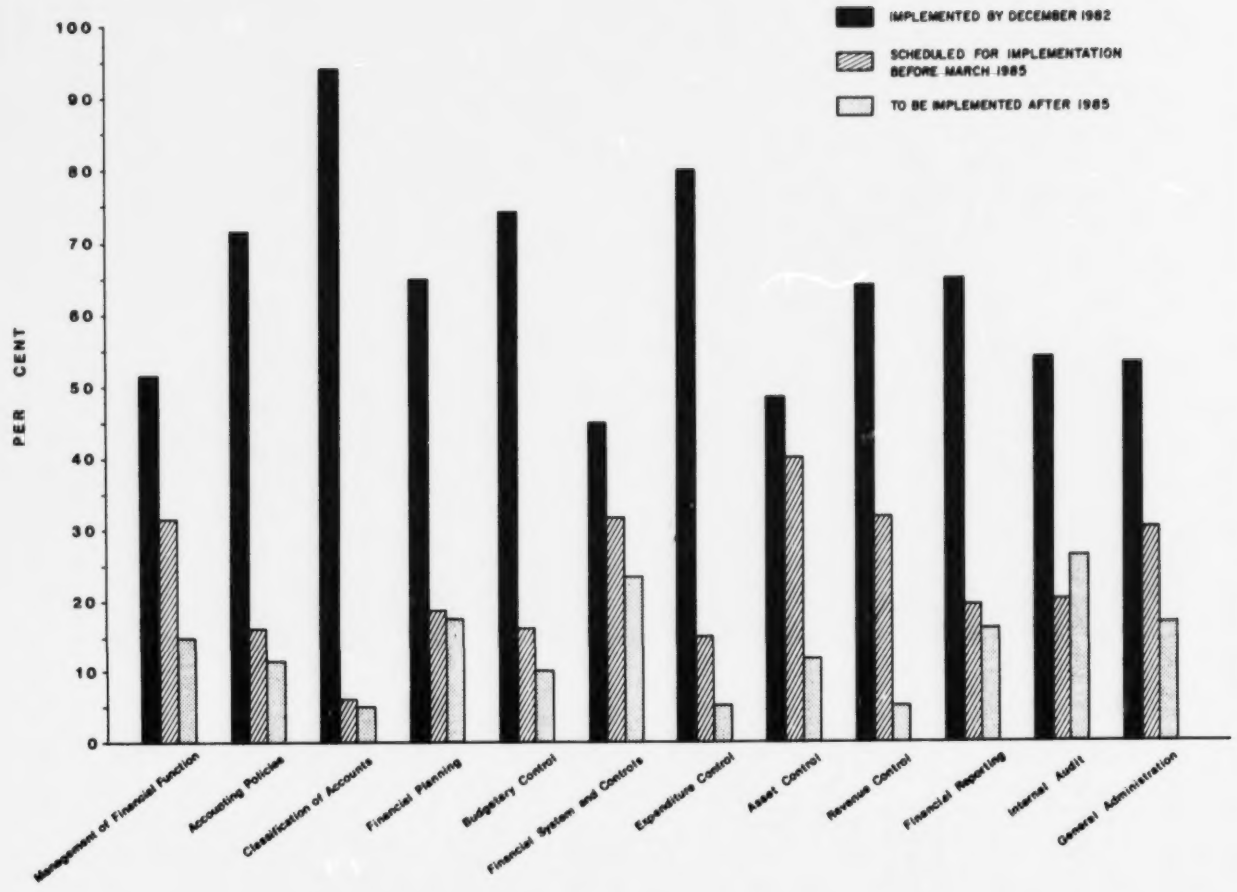
The following objectives were set for the Policy Implementation Branch in 1982:

- to conduct financial management projects and initiatives as required,
- to monitor and approve all new and modified financial systems, and
- to coordinate the government's *Response to the 1981 Report of the Auditor General*.

The Policy Implementation Branch also provided leadership for the Financial Systems Development Committee, which promotes the exchange of information on ministry financial information systems.

In 1982, the branch undertook a number of projects dealing with policy implementation, financial systems control, and issues highlighted by the Auditor General in her Report. Of the 200 projects established in 1982, 185 were completed on schedule.

IMPLEMENTATION SCHEDULE – FINANCIAL ADMINISTRATION POLICIES



During the year, the branch dealt with 214 outstanding recommendations made by the Auditor General in her *1981 Report*, a 146 per cent increase in the number addressed over the previous year. At December 31, 1982, 195 of the issues had been reviewed in consultation with the ministries. A total of 96 were resolved and 97 were progressing toward satisfactory resolution.

Reporting and Analysis Branch

The *Reporting and Analysis Branch* prepares the government's financial statements as disclosed in the *Public Accounts*. The branch also prepares the government Supply Acts and special warrants, manages the Province's chart of accounts, and provides professional accounting advice to ministries and Crown agencies.

The following objectives were set for the branch in 1982:

- preparation of the *1981/82 Public Accounts* by the statutory deadline,
- preparation of statutory and management financial reports and statements as required, and
- implementation of a new estimates format in the chart of accounts.

The *Public Accounts*, *Interim Financial Statements*, and monthly operating reports were prepared using the modified accrual basis of accounting introduced in the fiscal year 1980/81. This system provides a more consistent measure of the Province's financial position than the cash accounting system previously employed. The *1981/82 Public Accounts* were submitted to Treasury Board and the Auditor General one month prior to the statutory deadline at a cost saving of approximately 10 per cent over the previous year.

Office of the Deputy Comptroller General

The *Office of the Deputy Comptroller General* coordinates the roles and activities of Central Accounting, Financial Disbursement Operations, and the Government Payroll Office. In addition, it directs these three branches in the achievement of their objectives.

In 1982, the Office of the Deputy Comptrolier General also initiated a number of projects designed to reduce the flow of paper from ministries to the Office of the Comptroller General by 50 per cent at the close of 1983. A major step toward this objective has been the establishment of a policy encouraging increased use of ministry imprest bank accounts and petty cash funds. Application of this system will allow direct, prompt payments of individual amounts not exceeding $100 to government suppliers and is expected to reduce by 40 per cent the more than one-half million cheque vouchers processed annually.

Government Payroll Office

The *Government Payroll Office*, formerly the Pay and Personnel Accounting Branch, is responsible for the payment and control of government personnel costs.

During the year, the office paid, on average, 45,000 provincial government employees per month for an average monthly payroll of $83.1 million, and processed approximately 100,000 pay, personnel, and leave vouchers each month. It also administered and distributed 15,500 Canada Savings Bonds valued at $6.7 million.

The Government Payroll Office was assigned and completed the following objectives for 1982:

- maintenance and control of a government-wide payroll and management reporting system in compliance with collective agreements and federal and provincial legislation,
- maintenance and control of government-wide personnel and leave management systems, and of a manpower control system in compliance with legislative and executive government direction, and
- implementation of modifications and operating economies within existing systems through prescheduled improvement projects.

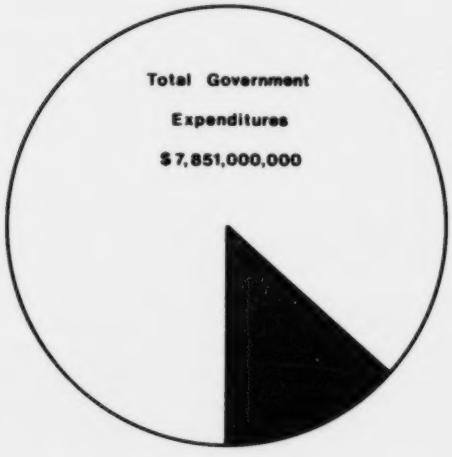
In 1981, the office developed a system to permit ministries on-line access to personnel management data, which by the end of the year had been implemented by six ministries. In 1982, the system, which speeds dissemination of personnel management information, was implemented by three additional ministries.

During 1982, government payroll was edited and balanced on schedule 23 out of 24 pay days. Balancing missed established deadlines on one occasion due to complications arising from the introduction of new authorization forms. These, along with other new payroll forms, are expected to produce annual savings of approximately $58,000. All personnel and leave management forms were processed and the systems balanced by established cut-off dates 11 out of 12 months; processing was late in August 1982 due to labour difficulties.

The Government Payroll Office also undertook an extensive development project in 1982 to improve the payroll calculation process and to make it more responsive to government personnel management policies and labour agreements. When implemented in early 1983, these improvements will provide a semi-monthly pay system with more detailed cheque stub information for employees and more current payroll data for management purposes.

At the beginning of the year, the office established efficiency standards for each payroll voucher and personnel accounting form of $.50 and $.24 respectively, based on past performance and volume forecasts. The branch bettered these standards by processing vouchers and forms at a cost of $.49 and $.21 respectively.

GOVERNMENT PAYROLL AS A PROPORTION OF TOTAL GOVERNMENT EXPENDITURE JANUARY–DECEMBER 1982



Financial Disbursement Operations Branch

The *Financial Disbursement Operations Branch* produces all government cheques and audits government cheque and travel vouchers. During 1982, the branch achieved the following:

- the processing of 580,000 payment vouchers valued at more than $6.5 billion;
- the issuing of more than 3.3 million cheques;
- the documentation and control of all transactions processed through the government's central accounting system, and
- the establishment of protocol agreements with eight ministries to formalize roles and responsibilities regarding the processing of accounts payable.

The branch also achieved a cheque and travel voucher processing turnaround time of 10 days or less, a marked improvement over the previous 25-day processing time, and introduced a voucher auditing procedure based on statistical sampling to improve the quality of and accelerate the auditing process.

The branch set out to improve its performance in a number of areas by reducing the error rate for vouchers received from ministries to less than 1.5 per cent. This objective was achieved through improved communication with the ministries in the form of a monthly error rate report. The number of incomplete or inaccurate vouchers fell from 13,000 valued at $171.1 million in 1981 to 8,700 valued at $64.1 million in 1982. At year-end the average voucher processing error rate was only one per cent.

The Financial Disbursement Operations Branch bettered its efficiency objective of processing cheque vouchers at a cost of $2.04 per voucher and travel vouchers at $.80 per voucher. At year-end these average processing costs were $1.92 and $.74 respectively. Through the introduction of improved administrative controls the branch reduced by 30 per cent the number of manually produced cheques, enabling more effective utilization of staff resources elsewhere in the branch.

Central Accounting Branch

The *Central Accounting Branch* maintains the general ledger of the Province of British Columbia including a central record of revenues, expenditures, assets, liabilities and trusts. Central Accounting is responsible for the financial control of expenditures paid through Government Agents on behalf of the Comptroller General and for the control of revenue from courts, the Government Agents and other related bank transfers. The branch also maintains the records and approves payments related to funds held in trust by the government. These include funds paid to a court pending the outcome of a suit, estates where there is no next of kin or named trustee, and funds held on behalf of infants or those unable to handle their own affairs.

Trust funds maintained by Central Accounting grew from $161 million at the beginning of the year to $187.8 million at year-end. The breakdown follows:

	January 1 1982	December 31 1982
	($ million)	
Suitors' Fund	59.4	65.6
Estate Administration	101.6	122.2
	161.0	187.8

In 1982, the branch provided direction to Government Agents in recording and accounting for revenues deposited by Government Agents and courts. It also provides direction for verifying all expenditures paid through Government Agents on behalf of the Comptroller General. In addition, the branch reconciled government bank accounts and managed and controlled ministry financial management reports.

The following objectives were set for this branch during 1982:

- implementation of the provisions of the *Financial Administration Act* and its related policies through revisions to Government Agency accounting procedures,
- development and implementation of procedures to reduce paper flow and the cost of daily operations, and
- development of a procedure enabling ministries to accelerate production of financial reports.

The Central Accounting Branch met its efficiency standards for payroll transactions, expenditure vouchers, audit of revenue reports, and trust account transactions. The breakdown follows:

COST PER ITEM

Item	Standard $	Actual $
Payroll Transactions	1.12	.72
Expenditure Vouchers	.85	.61
Revenue Report Audits	4.25	3.49
Trust Account Transactions	1.29	1.14

Daily computer operating costs were reduced by approximately $7,000 per month through researching and negotiating less expensive computer printing and computer contracts, rescheduling data and report production, and increasing the use of branch micro-fiche facilities.

Internal Audit Branch

The *Internal Audit Branch* conducts regular appraisals of government financial controls and management systems. It also performs special government-wide audits, investigates audits as required and provides functional direction to internal audit groups within ministries and agencies.

In 1982, the branch audited and certified 832 claims, valued at approximately $233 million, made by British Columbia under federal-provincial cost-sharing agreements. The net recovery to the Province from these claims was approximately $123 million.

The branch also undertook and completed on schedule the following objectives:

- implementation of the Internal Audit Master Plan;
- implementation of a ministry and Treasury Board approved audit schedule;
- design of a plan to be implemented in 1983 for establishing audit branches within each ministry, and
- submission of a first Annual Report to Treasury Board in accordance with financial administration policy.

The Internal Audit Master Plan was developed and implemented and will be updated annually by the branch. The plan provides a long range, five-year audit strategy designed to monitor internal audit responsibilities within each ministry.

During 1982, the branch conducted throughout government 18 regularly scheduled audits, six audits in response to special requests, and one systems development audit. The regularly scheduled audits conducted throughout the year reflected the evaluation of policies and procedures in accordance with the *Financial Administration Act* and the increased scope of audits required under the master plan.

The efficiency and effectiveness of the Internal Audit Branch was measured by the cost of each productive audit hour and an adherence to established deadlines in producing audit reports. In 1982, productive hour costs were $34.57, well below the $36.05 cost for 1981. Final audit reports were produced on average in 20 days, well within the established deadline of 28 days.

REVENUE DIVISION

The Revenue Division administers the taxation statutes which are the responsibility of the Minister of Finance. Included are statutes covering property taxation in rural areas of the province, taxation of consumer goods, and taxation of personal and corporate income.

There are four branches in the division

- Consumer Taxation
- Income Taxation
- Real Property Taxation
- Revenue Administration

The goals set for the Revenue Division in 1982 included the following:

- the efficient and equitable collection of taxes;
- reduction of litigation and public complaints;
- increased taxpayer compliance with taxation statutes and regulations through taxpayer education, and
- development and refinement of assessment and collection procedures, records and systems.

Through the activities of its branches, the division was able to achieve these goals. More than $2.1 billion of direct tax revenue was collected during the year. The division also monitored, audited and serviced 400,000 taxpayer accounts in 1982.

Consumer Taxation Branch

The *Consumer Taxation Branch* registers taxpayers and inspects and audits taxpayer accounts under the following seven statutes:

- *Social Service Tax Act*
- *Hotel Room Tax Act*
- *Tobacco Tax Act*
- *Gasoline Tax Act*
- *Gasoline (Coloured) Tax Act*
- *Motive Fuel Use Tax Act*
- *Horse Racing Tax Act*

At the end of 1982, 68,876 tax collectors were registered with the Consumer Taxation Branch. Of these, 64,632 were registered under the *Social Service Tax Act*.

The branch also conducted an information program to explain to the public the requirements of the various tax acts. In 1982, the branch published 20 public information bulletins on a variety of topics relating to the tax legislation for which it is responsible. A vendor education team, based in Vancouver, began visiting vendors in September, to assist them in compliance with legislative requirements.

In 1982, the branch's success in ensuring compliance with the seven taxation statutes was measured by the ratio of administrative costs to revenue, by the amount of time taken to process new vendor registrations, and by the proportion of vendor accounts overdue.

During the year, the cost of administering the tax statutes was approximately $.34 per $100 collected, well below the 1981 figure of $.65 per $100 collected which was established as the benchmark. Except for the month of August, the branch was successful in processing new vendor applications in less than four days, the benchmark established to measure efficiency. By the end of 1982, delinquent accounts averaged 1.45 per cent of the active tax roll, well within the two per cent target.

For the branch's audit function to be effective, 3,000 audits had to be performed in the year. If the audit operation was to be efficient, each of the 70 auditors had to recover at least $275,000 and audit payroll could be no more than 12 per cent of the total audit recovery.

In 1982, the branch carried out 3,566 audits, a 21.1 per cent increase over 1981. On average, each auditor recovered $375,535, up from $266,715 for the year before and performed 50.4 audits, a 2.4 per cent increase over the 49.2 audits each performed in 1981. The payroll cost to accomplish these audits was 7.5 per cent of the total amount recovered, down from 10.02 per cent in 1981. The branch registered record levels of audit recovery in 1982:

	1981	1982	% increase 1982 over 1981
	$	$	
Total taxes assessed as a result of audits	15,944,219	26,584,129	66.7
Average tax assessed per audit	5,416	7,455	37.6

Auditors and inspectors are located at branch headquarters in Victoria and at each of the branch's 13 field offices (see map on page 22).

CONSUMER TAXATION BRANCH OFFICES

Income Taxation Branch

The *Income Taxation Branch* was responsible for administration of the following statutes in 1982:

- *Income Tax Act*
- *Corporation Capital Tax Act*
- *Logging Tax Act*
- *Mining Tax Act*
- *Insurance Premium Tax Act*

According to the tax collection agreement between the federal and provincial governments, the federal government collects personal and corporate income taxes

on British Columbia's behalf. The Income Taxation Branch is responsible for the British Columbia *Income Tax Act* and assists Revenue Canada with the compliance and informational aspects of the *Income Tax Act (Canada)*.

Under the provincial *Fire Services Act* the branch is responsible for the collection of taxes from companies selling fire insurance. The branch also administers a number of acts which have been repealed but for which tax revenue from the period prior to repeal is still being collected: the *Succession Duty Act*, the *Gift Tax Act*, the *Probate Fee Act*, and the *British Columbia Payment To Canada of Federal Income Tax on Behalf of the Natural Gas Producers Act*. Indemnification is still required under the last act for those natural gas producers who were able to defer their federal tax payments.

In 1982, the branch planned, developed and implemented a computerized records system to replace the manual system for the branch's five tax statutes. The system is expected to harmonize tax administration of the branch's various acts, and to improve revenue collection and taxpayer compliance.

During the year, collection responsibilities were transferred to the Revenue Administration Branch. Excluding the *Income Tax Act*, a total of $119,753,593 was received under the statutes for which the Income Taxation Branch is responsible. This revenue was down significantly from 1981 due to the adverse economic climate. The branch also set up a unit to more effectively audit the approximately $2.2 billion received from the federal government under the tax collection agreement.

In 1982, the branch maintained a tax roll of 13,583 individuals and corporations, made up as follows:

12,192	Corporation Capital Tax
661	Logging Tax
124	Mining Tax
606	Insurance Premium Tax

As well, the branch was responsible for the registration of political parties and their signing authorities for tax deduction purposes under the *Income Tax Act* and for auditing political donations claimed under this act. At December 31, 1982, nine parties were registered with the branch:

- The Liberal Party in British Columbia
- British Columbia Social Credit Party
- New Democratic Party of British Columbia
- Progressive Conservative Party of British Columbia
- Western Canada Concept
- Western National Party
- Taxpayers and Voters Party of British Columbia
- Communist Party of Canada
- Unparty Party of British Columbia

The branch's success in ensuring compliance with the taxation statutes for which it is responsible was measured by the cost of administration in relation to revenue generated, by the proportion of individual and corporate taxpayers filing returns voluntarily, and by the amount of actual revenue received compared with the amounts expected to be generated from the issuance of demands for filing. In 1982, compliance costs were $1.17 for every $100 generated, well below the 1981 figure of $5.00, which has been established as the benchmark. More than 87.5 per cent of the

active tax roll filed voluntarily, which exceeded the 85 per cent benchmark. Compliance revenue of $2,077,900 from demands issued was 8.2 per cent higher than the original estimate.

The branch's audit function was efficient when audit costs were $10.00 or less for every $100 of audit revenue generated. The operation was effective when the number of audits performed was within 10 per cent of the number planned and audit revenue was within 10 per cent of the amount planned. In 1982, audit costs were $5.47 for every $100 generated, well below the $10.00 benchmark.

The 7,070 audits performed fell short of the 10 per cent target, since the branch had planned 8,292 audits. The target was not met because audit staff were required to spend five weeks converting the branch's records to the new computer system. The total audit revenue of $9,035,365, however, was 60 per cent more than the amount expected.

The branch's overall administration was efficient when costs were $.75 or less for every $100 generated, and actual costs were within 10 per cent of those budgeted. In 1982, administrative costs were $ 47 for every $100 generated and total actual costs were 12.4 per cent lower than those planned.

Real Property Taxation Branch

The *Real Property Taxation Branch* administers taxes and special levies on taxable real property lying outside incorporated municipalities. In 1982, this rural area made up more than 99 per cent of the province's land area, 21 per cent of the province's net taxable values and contained 16 per cent of its population.

The branch administers the *Taxation (Rural Area) Act*, the *Land Tax Deferment Act* and, in rural areas, the *Home Owner Grant Act*. Taxes are also levied by the branch on rural properties under the following statutes:

Education (Interim) Finance Act
Municipal Act
Hospital District Act
Assessment Authority Act
Municipal Finance Authority Act
Local Services Act
Library Act
Esquimalt and Nanaimo Railway Belt Tax Act
University Endowment Lands Administration Act
Agricultural Land Development Act
Grasshopper Control Act
Mobile Home Tax Act
Farm Distress Assistance Act
Highway Scenic Improvement Act
Riverbank Protection Act
Weed Control Act
Islands Trust Act

Administrative responsibilities under these statutes form an important portion of branch activities. During 1982, the branch advanced more than $47,000,000 to local governments.

In 1982, the rural taxation roll contained 294,000 tax accounts, covering net taxable values of $3,003,000,000 under the *Taxation (Rural Area) Act* and $4,384,000,000 under the *Education (Interim) Finance Act*.

Year	Number of Rural Tax Accounts	Net Taxable Value *Taxation (Rural Area) Act* ($ millions)	Net Taxable Value School Purposes ($ millions)
1978	266,000	1,589	2,397
1979	272,000	1,847	2,709
1980	278,000	2,175	2,948
1981	285,000	2,569	3,476
1982	294,000	3,003	4,384

Year	Total Rural Property Taxes Collected ($ millions)	Total School Taxes Collected ($ millions)	Local Government Taxes Collected* ($ millions)	Other Taxes Collected
1978	19.1	120.5	24.7	1.7
1979	21.8	133.6	27.1	1.8
1980	25.4	153.1	32.2	2.0
1981	29.2	197.3	38.9	2.5
1982	36.1	230.4	47.1	2.7

* This includes Improvement District, Regional District, Hospital District, Library District and similar levies.

Under the Land Tax Deferment Program, seniors, widows, widowers and some handicapped property owners can defer or delay payment of taxes on their homes until the property is sold or passed on. The deferred taxes carry a compound interest rate of eight per cent per annum. A significant increase in tax deferrals under this program occurred in 1981 and again in 1982.

LAND TAX DEFERMENT IN RURAL AREAS

Year	Property Taxes Deferred $	No. of Full Tax Deferment Agreements	No. of Partial Tax Deferment Agreements	Cumulative Total Property Taxes Deferred $
1978	656,000	885	129	2,027,000
1979	646,000	981	94	2,526,000
1980	792,000	1,073	79	3,202,000
1981	2,235,000	1,985	64	5,511,000
1982	2,988,000	2,941	61	8,097,000

HOME OWNER GRANTS IN RURAL AREAS

Year	Applications	Total Grants $	Increase in Total Grants %
1978	72,408	23,200,000	7.9
1979	75,412	29,800,000	28.4
1980	80,489	33,000,000	10.7
1981	85,590	33,900,000	2.7
1982	85,956	35,493,000	4.7

In 1982, the branch made major computer enhancements to the property tax system. On-line access to the British Columbia Assessment Authority system reduced the time required to obtain current ownership information.

The efficiency and effectiveness of the branch's performance in 1982 were measured by adherence to the following standards:

COST PER ITEM

Item	Standard $	Actual $
Real Property Tax Administration	1.50 or less per account	1.30
Home Owner Grant	1.50 or less per approved application	1.30
Tax Deferment	11.00 or less per tax deferment account	9.90

In 1982, the branch met established work cycle deadlines in the Home Owner Grant and Land Tax Deferment Programs and in its general tax administration program.

Revenue Administration Branch

The *Revenue Administration Branch* provided administration, accounting and collection services for the division. During the year, it received more than one million tax returns under 14 statutes and banked $82,342,753 in revenue. The branch assumed general administrative, tax-record keeping and collection functions from the Consumer Taxation Branch in 1981 and from the Real Property and Income Taxation Branches in 1982. The branch monitored the operation and maintenance of all the division's automated data and information systems, and coordinated and monitored the division budget. The branch also developed an inventory of government fees and licences, a responsibility transferred to Treasury Board Staff in September 1982.

In 1982, the Revenue Administration and Income Taxation Branches jointly planned, developed and implemented an automated records system for the income taxation statutes, which by year-end was fully operational. In addition, the branch was made responsible for province-wide collection of non-residential school tax revenues, totalling $662,000,000, which were previously collected and distributed to individual school districts by local governments.

The efficiency and effectiveness of the branch's collection operation in 1982 were measured by adherence to the following standards:

COST PER DOLLAR

Item	Standard $	Actual $
Account write-offs	.07	.0608
Collection activities	.07	.0375

NUMBER OF ACCOUNTS PER COLLECTOR

Assigned	700/month	1,850
Followed up	450/month	550

NUMBER OF TRANSACTIONS PER SUPPORT PERSON

Processed	800/month	857

The general administration section of the branch was judged to have performed its tasks efficiently when salary costs were $5.00 or less for each expenditure voucher issued. Branch performance was effective when the budget was on target, when deadlines were met for accounts payable and personnel duties, and when turnaround times were met by the word processing centre. In 1982, the word processing centre had difficulty meeting its turnaround times due to a sharp increase in use by all branches of the division. With this exception the branch successfully met its performance standards.

In 1982, the revenue operations section performed its tasks efficiently when salary costs per piece of mail processed through the banking system were $.50 or less. The operation was effective when revenue was banked in less than two days of receipt and 22 items of mail processed per person/hour.

During the summer, the section experienced some minor productivity problems due to staff turnover, labour difficulties and the introduction of new control measures. In the last four months of 1982, these problems were overcome and all standards met.

PROVINCIAL TREASURY

The *Provincial Treasury* manages the Province's major financial assets and liabilities; it is also responsible for non-budgetary financial activities, which in 1982 included the management of pension and trust funds and the government's consolidated revenue fund. Management of these funds included the use of cash management techniques such as cash flow forecasting and control. The division coordinated financing to meet the capital requirements of the Province and its Crown corporations and agencies. The Provincial Treasury also negotiated bank services for the Province, maintained the attendant records, registered securities issued by the Crown, and provided safekeeping for all securities on deposit. In addition, the division managed the British Columbia Development Bond initiative. The division has four branches:

- Banking and Cash Management
- Central Borrowing and Planning
- Investments
- Securities and Administration

During 1982, the Provincial Treasury's objectives included the following:

- completion of the division reorganization;

- consolidation of the Province's presence in capital markets and strengthening relations with syndicate managers, rating agencies and prospective investors;
- implementation of new procedures to improve administration and investment of pension funds, trust funds and government financial assets;
- implementation of a comprehensive borrowing service for the Province, its Crown corporations, and agencies for local governments;
- negotiation of agreements designating the Minister of Finance as fiscal agent for the capital financings of Crown corporations and agencies;
- establishment of a financial market analysis and forecasting capability to support the division's borrowing and investing activities;
- reduction of the banking costs for the Province and its Crown corporations and agencies, and
- implementation of a cash management program that will increase the interest earned on the Province's cash resources.

Through the activities of its branches during the year the division was able to achieve these goals.

Central Borrowing and Planning Branch

The *Central Borrowing and Planning Branch* was established in 1982 as part of the division's reorganization. The branch assists the Minister of Finance in his capacity as fiscal agent by planning, negotiating, coordinating and documenting capital financings for the Province, its Crown corporations and financing authorities. This function necessitated the development and review of the provincial capital financing strategy, and maintenance of a liaison with syndicate managers, rating agencies and prospective investors. In 1982, the following objectives were set for the branch:

- arrangement of all necessary capital financings;
- planning and arranging of new least-cost borrowing instruments;
- improvement of the liaison with Crown corporations and syndicate managers, and
- broadening of capital markets.

Despite the generally adverse financial market environment in 1982, the branch was able to arrange 15 financing deals, totalling approximately $2.5 billion, for the Province and its Crown corporations and agencies. Among the new financing instruments successfully implemented were treasury bills, leases and bankers' acceptances. Crown corporation liaison was improved by the implementation of quarterly financing seminars for the discussion of borrowing strategy and market outlook.

In 1982, the Central Borrowing and Planning Branch was able to standardize borrowing operation procedures and the documentation of capital financings. In addition, the branch organized a successful investor tour in April of British Columbia Hydro facilities.

In 1982, the branch was responsible for managing the new British Columbia Development Bond initiative. This included designing the bond features, preparing necessary documentation and marketing information, and monitoring the introduction of the bonds to the public and the financial community.

The branch's borrowing costs for the fiscal year 1982/83 compared favourably with those of other provinces:

Province	Staff	Budget	Total Financings	Financing Per Budget Dollar
		$	$	$
Manitoba	2	65,000	980 million	15,076
Saskatchewan	2	65,000	850 million	13,076
Ontario	5	240,000	3.7 billion	15,416
British Columbia	7	225,000	2.3 billion	10,222

* Figures pertain to documentation staff only. The three provinces other than British Columbia maintain investment policy and planning branches ranging in size from 18 (Saskatchewan) to 24 (Ontario).

Banking and Cash Management Branch

The *Banking and Cash Management Branch* performs banking and accounting duties, and forecasts, monitors and controls the government's cash flow. The branch maintains records of investment transactions and provides management information on investment portfolios. Financial records and annual statements are prepared for various financing authorities. In addition, the branch prepares quarterly pension fund performance reports for joint investment committees.

In 1982, the following objectives were set for the branch:

- implementation of a cash management program to increase interest earnings on the Province's cash resources;
- improvements to accounting systems and implementation of computer enhancements;
- maintenance of complete and timely accounting records for the capital financing authorities, and
- implementation of more effective banking practices for the Province.

During the year, the branch implemented a fully integrated cash management system ensuring the investment of excess provincial funds. In the 1982/83 fiscal year, the Province expects to earn approximately $60,000,000 from interest income. Elimination of float costs (the loss of one day's interest income due to bank clearing requirements) in the Medical Services Plan payment system will save $245,000 a year, while improvements to the Emergency Health Services Commission payroll payment system will provide savings of $100,000 a year. Along with Securities and Administration, the branch is implementing a securities investment system to reduce overtime costs and to provide up-to-date investment inventory information. The branch is also expanding an electronic funds transfer system expected to save $200,000 in the 1982/83 fiscal year. Expansion of the bank account offset program to include several Crown corporations will provide an estimated $450,000 in cost savings. In addition, the branch designed the computer systems necessary for accurate accounting and monitoring of purchases and sales of the British Columbia Development Bonds.

Branch operations met efficiency standards when credit balance holdings were maintained at an average of less than one per cent per month with the surplus funds invested rather than remaining idle, and when accounting and banking costs for the Province's 900 bank accounts and 400 investment accounts were lower than those for comparable commercial operations. Efficiencies in the banking operations yielded approximately $750,000 in savings.

Investments Branch

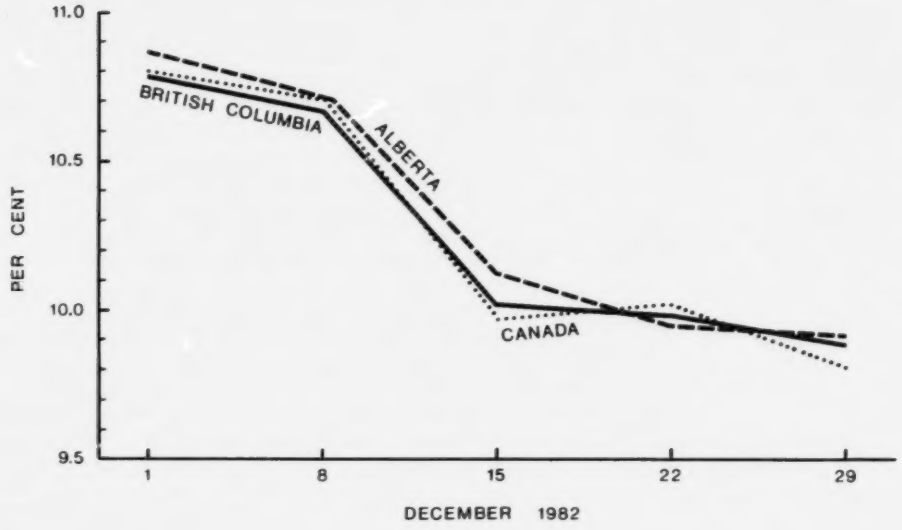
The *Investments Branch* was established during the year by combining the short- and long-term investment sections of the division. The new branch provides professional investment management of pension and sinking funds, of Crown corporation surplus funds and of the consolidated revenue fund. It also certifies sinking funds and meets all foreign exchange conversion requirements for provincial institutions. In 1982, the branch set the following goals:

- coordination of the formulation and implementation of new investment policy for pension funds,
- implementation of new programs and systems to streamline the management of sinking funds, and
- provision of more timely advice on both market and internal financial developments.

During the year, the branch implemented an investment limit analysis program to provide consistency in establishing financial institution investment limits. Work continued on developing a securities investment system to permit the pooling of investments in various investment asset funds. As well, for the first time in recent years, all pension funds in 1982 had a rate of return above the annual inflation rate. In December, the branch implemented a weekly $50 million public auction of 91-day provincial treasury bills. The branch received tenders and, in conjunction with the Cash Management Branch, calculated the result of each auction (See chart below).

The branch's operations were effective when portfolio asset mix targets were met, when trades and purchases maintained prescribed quality and liquidity and when spread relations and terms to maturity were maintained or reduced. Branch operations met efficiency standards when investments were above market rates and within limits set by the investment committee, when yields were improved and when sinking fund requirements were met.

TREASURY BILL YIELD AT WEEKLY AUCTIONS



A total of $19,837,000,000 was placed in short-term investments with an average term of 63 days. These investments were made at an average of 53 basis points above the market rate for a total profit above market of $18,146,780. The market rate is based on quotes from the investment community. Current accounting procedues limit the amount of trading activity on long-term securities due to very conservative reporting of realized capital gains or losses. The Investment Branch is represented on an Office of the Comptroller General committee looking into current accounting practices and making recommendations for accounting policies in line with the investment industry. Long-term investments in 1982 totalled $340,000,000 with an average term of 7.3 years. The average yield for these investments was 13.9 per cent which exceeded the 1982 average Consumer Price Index of 10.8 per cent. Consequently, the yield also exceeded the minimum yield benchmark established for long-term investments of three per cent above the CPI.

Securities and Administration Branch

The *Securities and Administration Branch* manages securities issued by the Province and its Crown corporations and agencies. This includes registration, receipt and payment, and safekeeping of securities, as well as sinking fund maintenance, bond printing and monitoring of the debt guaranteed by the Province. The branch also maintains Crown corporation trust accounts for the transfer of funds to and from the Province.

In 1982, the branch set and achieved the following objectives:

- coordination of personnel recruitment for vacancies created by the reorganization of the Provincial Treasury,
- tightening of security printing and handling, and
- coordination of the division's selection of a securities investment system designed to permit the pooling of investment funds and to provide up-to-date investment inventory information.

The branch also continued working on the enhancement of the existing computerized debt servicing system for the capital financing authorities. An examination of the inventory of undistributed assets (deposited for safekeeping with the Province by companies that have liquidated) is being conducted to determine the best method for providing this service.

During the year, the branch coordinated printing and delivery of a $100 million British Columbia Buildings Corporation public bond issue in Canada. The branch also performed the same duties for the Province's treasury bills. An inventory system to track disbursement of the treasury bills across Canada and to act as a control mechanism at the issuing bank was developed. The branch coordinated printing, distribution and registration of the British Columbia Development Bonds. A computer system was also implemented to replace manual ledgers for the control of trust accounts. The branch was assigned responsibility for the administration of the 11 fiscal agency agreements signed to date between the Minister of Finance and the following Crown corporations and agencies:

B.C. Assessment Authority
B.C. Buildings Corporation
B.C. Cellulose Ltd.
B.C. Ferry Corporation
B.C. Harbours Board
B.C. Railway Company
B.C. Systems Corporation

B.C. Transit
Ocean Falls Corporation
Provincial Capital Commission
Pacific Coach Lines Ltd.

The branch's operations were effective and efficient when its duties concerning the registration and custody of securities were performed accurately and promptly, and when vouchers and reports were accurately prepared within established deadlines, and when the costs of its operations were lower than those for comparable commercial procedures.

In 1982, the branch consistently met all of its effectiveness and efficiency measures resulting in savings of $143,000 compared to the commercial costs for equivalent operations.

MANAGEMENT SERVICES DIVISION

Management Services was created in 1982 as a result of the reorganization of the Treasury and Administration Division. The division is responsible for providing administrative and technical services to the Ministry of Finance, data processing services to all government ministries and Crown corporations, and general government services and program information to the public. The division has four branches:

- Financial Services and Administration
- Personnel and Payroll
- Systems and Data Processing
- Government Agencies.

During 1982, Management Services set the following objectives:

- improvement of the ministry's expenditure control and long-range financial planning,
- review of current ministry information systems in order to reduce costs, and
- completion of protocol agreements documenting services provided by the Government Agencies and Systems and Data Processing to other parts of government.

Through the activities of its branches during the year the division was able to achieve these goals.

Financial Services and Administration Branch

The *Financial Services and Administration Branch* operates the ministry's system of financial administration and provides the ministry with central facilities management and office services, forms and procedures management, and word processing services.

The Budget and Expenditure Control Section coordinated the implementation and monitoring of the 1982/83 ministry budget and the preparation of 1983/84 budget requests, and accounted for all ministry expenditures. The effectiveness and efficiency of the section was measured by voucher processing costs, by the number of vouchers processed per clerk and by voucher error rates. The breakdown follows:

Measure	Target	Actual Performance in 1982
Voucher error rate per month	1.5%	1.05%
Staff cost per voucher	$7.50	$5.41
Voucher volume per clerk per month	207	441

Throughout the year, the section decreased the ministry's travel voucher error rate, until by year-end it was less than the four per cent standard.

The Facilities Management and Office Services Section of the branch was responsible for all ministry space occupancy. During the year, the section coordinated new space and relocation projects. The section also published a ministry telephone directory, developed an expenditure control system to monitor telephone costs and established a central inventory record of all fixed assets in the ministry.

The Procedures and Forms Section provided research, editorial, production and updating assistance on ministry policy and procedure manuals, of which there are more than 70 in existence or being developed. Of these manuals, eight are for government-wide use, two for ministry-wide application and the rest for internal use by branches or divisions. The section also continued to improve and simplify the approximately 600 forms generated by the ministry. Gross annual savings accruing from forms redesign reached $95,000 by year-end. Redesign of the travel voucher and cheque requisitions 1 and 2, which were all reduced from 8½" × 14" to 8½" × 11" formats, effected a combined annual production cost savings of $43,000.

The Office Automation Centre provided the ministry with advanced word processing capability. During 1982, the centre developed 14 new word processing applications within the ministry and investigated the possibility of a link between the Automation Centre and the Queen's Printer. The efficiency and effectiveness of the centre's operations were measured as follows:

Measure	Target	Actual Performance in 1982
Operator error rate per 10 pages	Less than one	One in 65 pages
Percentage of time established turnaround times met	70%	Turnaround times were met seven of the nine months the measure was in place, or 78% of the time.

Personnel and Payroll Branch

In 1982, the *Personnel and Payroll Branch* continued to provide the ministry with staffing services, training and manpower planning programs, labour relations repre-

sentation, organizational analysis and payroll services. During the year, the branch recruited 191 employees for the ministry. In 1982, the branch collected skills and background data from 204 professional and management employees. The data was used to identify skills weaknesses and appropriate training courses were developed. Work also began to correlate job qualification requirements to employee skills. The Ministry Training Centre, operated by the branch, delivered more than 50 independent study multi-media courses to approximately 765 employees. In addition, the branch ran seminars, averaging three to four days each, to upgrade the financial, data processing and administrative skills of management level employees. The composition and terms of reference for a ministry classification committee were completed during the year and a personnel bulletin implemented for rapid dissemination of information.

Reasons for vacancies and position adjustments were as follows:

	1981	1982
Separations	171	86
Retirements	20	22
Promotions and transfers	182	96

During the year, the ministry continued to employ handicapped persons under the Personal Placement Program. Approximately 270 classification and job analysis studies were carried out, including the reorganization of Treasury Board Staff. Eight grievances were brought before the Personnel and Payroll Branch of which six were resolved without need for arbitration. Eleven ministry employees received 25- or 35-year service awards.

In 1982, the ministry had 1.05 personnel employees for each 100 establishment positions (positions approved in the Province's annual estimates of revenue and expenditure), slightly lower than the average in private industry. The cost of the personnel function for the ministry during the year was $383.09 per establishment position. This figure includes support staff and is on a par with the average cost in the private sector. The branch averaged 1,250 payroll transactions per month for a base establishment of 1,316 employees. In 1982, the cost of the payroll function was $40.00 per established position.

Systems and Data Processing

The *Systems and Data Processing Branch* was responsible for coordinating the development of new computer systems for the Ministry of Finance as well as the operational management of all existing ministry production systems. This included the acquisition when needed, of systems and data processing support services from the British Columbia Systems Corporation. The branch was also responsible for the acquisition of data processing equipment and the provision of security and documentation standards for ministry systems. In addition, the branch provided data entry services on selected jobs for all ministries, and several Crown corporations.

In 1982, the branch made the flow of data more efficient by instituting new guidelines for the acquisition of software and equipment. In-house analysts were assigned to each division in the ministry, resulting in lower systems development costs. During the year, the branch also completed enhancements to the property tax and school tax levy systems. An initial review of data security was completed, and the branch expects to implement its recommendations in 1983.

In order to lower key entry costs the branch began to do more in-house edits (corrections) and balancing (identifying where in the output of documents, errors have occurred) on all new applications. The branch signed 18 protocol agreements

formalizing business relationships with client ministries and corporations. The agreements, which cover data entry and data control services, contain definitions, objectives, and responsibilities of the two parties, effective dates, and the functions performed by this branch. Each agreement has appendices specifically stating estimated volumes, schedules for deliveries and turnaround times, error rates, keying instruction, documentation, and contact positions.

Measure	Target	Actual Performance in 1982
Key entry cost/1,000 keystrokes	$2.01	$1.89
Cost to print 1,000 lines of computer print-out	$1.09	$ .88
Data processing operator input error rates	not to exceed 1% of jobs entered	.08%
Data control job re-run/re-start for all reasons	not to exceed 6.5% of total jobs submitted	6.4%
Cost per job submission	$10.94	$10.16

Various ministries and corporations used the following percentages of available production time in 1982:

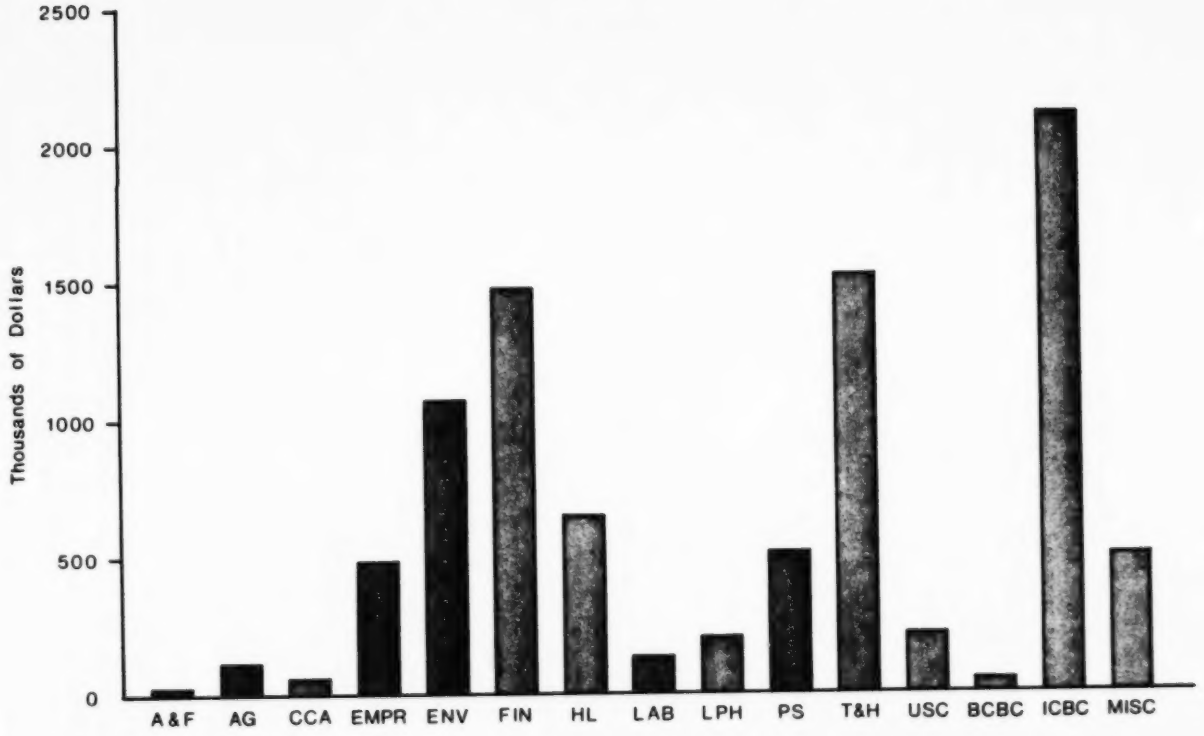
	%
Agriculture and Food	.70
Attorney General	0.10
Consumer and Corporate Affairs	5.30
Education	4.40
Energy, Mines and Petroleum Resources	1.50
Environment	10.40
Finance	34.31
Forestry	0.90
Health	1.50
Human Resources	7.40
Industry and Small Business Development	0.20
Labour	1.40
Lands, Parks and Housing	1.30
Municipal Affairs	0.20
Provincial Secretary and Government Services	00.00
Transportation and Highways	18.10
Tourism	0.23
Urban Transit Authority	0.01
BCSC	1.02
B.C. Ferry Corporation	0.03

Government Agencies Branch

Through the 62 agency offices and the Victoria headquarters, the *Government Agencies Branch* provided the province's citizens with a broad range of government services and program information.

The branch completed installation of the automated cash control system in all agency offices during the year. Nine protocol agreements were signed with the following six ministries for whom the agencies provide services:

GOVERNMENT AGENCIES
COST OF PROVIDING SERVICES TO MINISTRIES
1982/83



A&F – Agriculture & Food
AG – Attorney General
CCA – Consumer & Corporate Affairs
EMPR–Energy, Mines & Petroleum Resources
ENV – Environment
FIN – Finance
HL – Health
LAB – Labour
LPH – Lands, Parks & Housing
PS – Provincial Secretary & Government Services
T&H – Transportation & Highways
USC – Universities, Science & Communications
BCBC – B.C. Buildings Corp.
ICBC – Insurance Corp. of B.C.
MISC – includes switchboard services, banking, postage, stationery and general services.

PROTOCOL AGREEMENTS

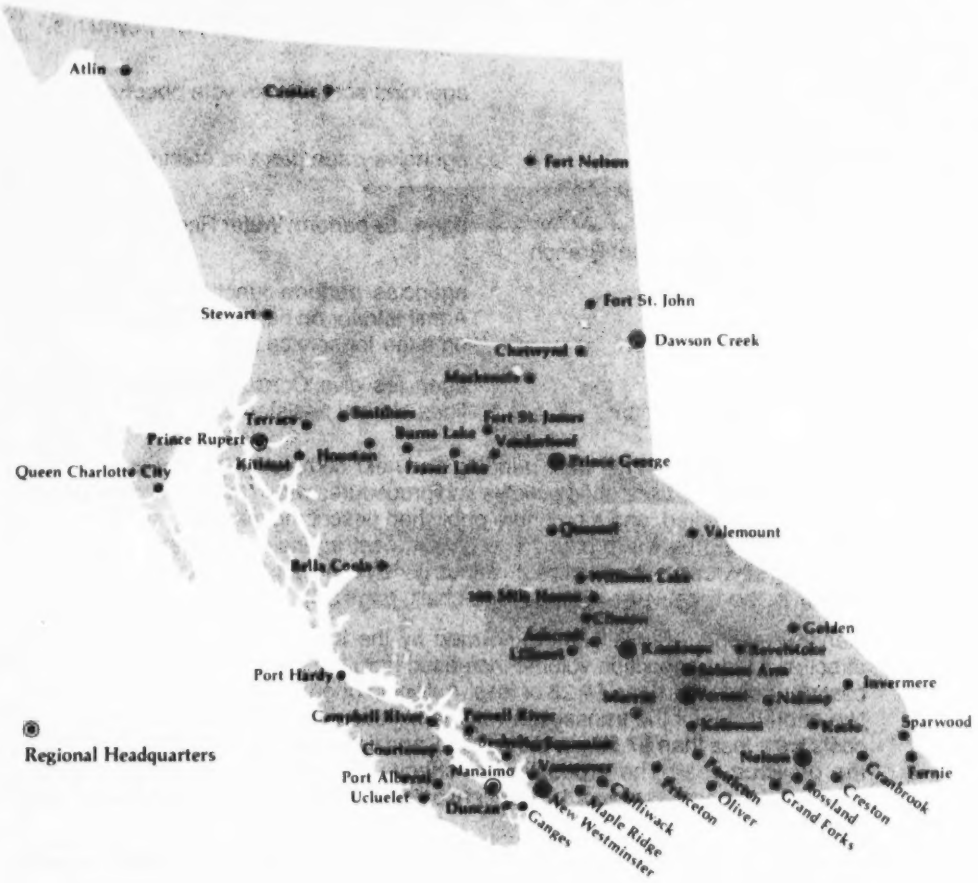
MINISTRY	PURPOSE
Provincial Secretary and Government Services —Queen's Printer	agencies distribute government publications, statutes and regulations on a consignment basis.
Provincial Secretary and Government Services —Postal Services Branch	agencies supervise Postal Services Branch staff in the field.
Health —Vital Statistics	agencies perform vital statistics work.
Health —Medical Plan	agencies collect medical plan payments.
Labour —Labour Relations	agencies act as strike vote observers.
Labour —Safety Engineering Branch	agencies issue gas and electrical permits.
Environment —Water Management Branch	agencies perform Water Recorder functions.
Attorney General —Public Trustee	agencies perform functions of the Official Administrator on behalf of the Public Trustee on a fee-for-service basis.
Finance —Consumer Taxation	agencies give Consumer Taxation field offices clerical assistance.

Another nine agreements were pending and near completion at year-end. A three-volume manual documenting policies and procedures within the Government Agencies was completed, and a brochure published describing the many services to the public provided by the branch. The government agencies estimated the cost of providing services to the public for various government ministries and Crown corporations in the fiscal year 1982/83 (see chart, page 36).

General revenue transactions performed by the agency offices were considered effective if the transaction volume increased from the previous year and if the staff cost per transaction was $4.28 or less. Autoplan operations were considered effective and efficient if the transaction volume increased over the previous year, if staff costs were less than $7.56 per transaction, and if the error rate was lower than that of the previous year. The production of cheque vouchers and local cheques was effective if the error rate was 1.5 per cent or less and staff costs per transaction were less than $6.21.

In 1982, the Government Agencies Branch had considerable difficulty meeting these standards for several reasons: the downturn in the economy affected both transaction volumes and revenue levels; general revenue fell as did Autoplan revenue; and staff reduction and turnover contributed to higher error rates in the Autoplan operation, 14.59 per cent as compared to 10.61 per cent in 1981. Better communication between the Office of the Comptroller General and the Government Agencies is lowering error rates for the production of cheque vouchers and local cheques. At the end of 1982, the error rate was 2.13 per cent, down from 3.3 per cent earlier in the year.

GOVERNMENT AGENCIES



PURCHASING COMMISSION

The Honourable Hugh A. Curtis
Minister of Finance
Parliament Buildings
Victoria, British Columbia

Sir:

We have the honour to submit the Purchasing Commission's Annual Report for the year ended December 31, 1982.

L. I. Bell
Acting Chairman

A. E. Rhodes
Member

J. E. Woytack
Member

The *Purchasing Commission* is an agency of the Legislature which carries out purchasing of goods and services, warehousing, and surplus reallocation and disposal for the provincial government and two Crown corporations (British Columbia Buildings and British Columbia Ferry Corporations). The commission also repairs and maintains business machines, lends and repairs audiovisual equipment, and lends office furniture to government ministries.

The commission has five divisions:

- Purchasing
- Business Machines
- Surplus, Loan and Audiovisual
- Warehouse
- Administration and Management

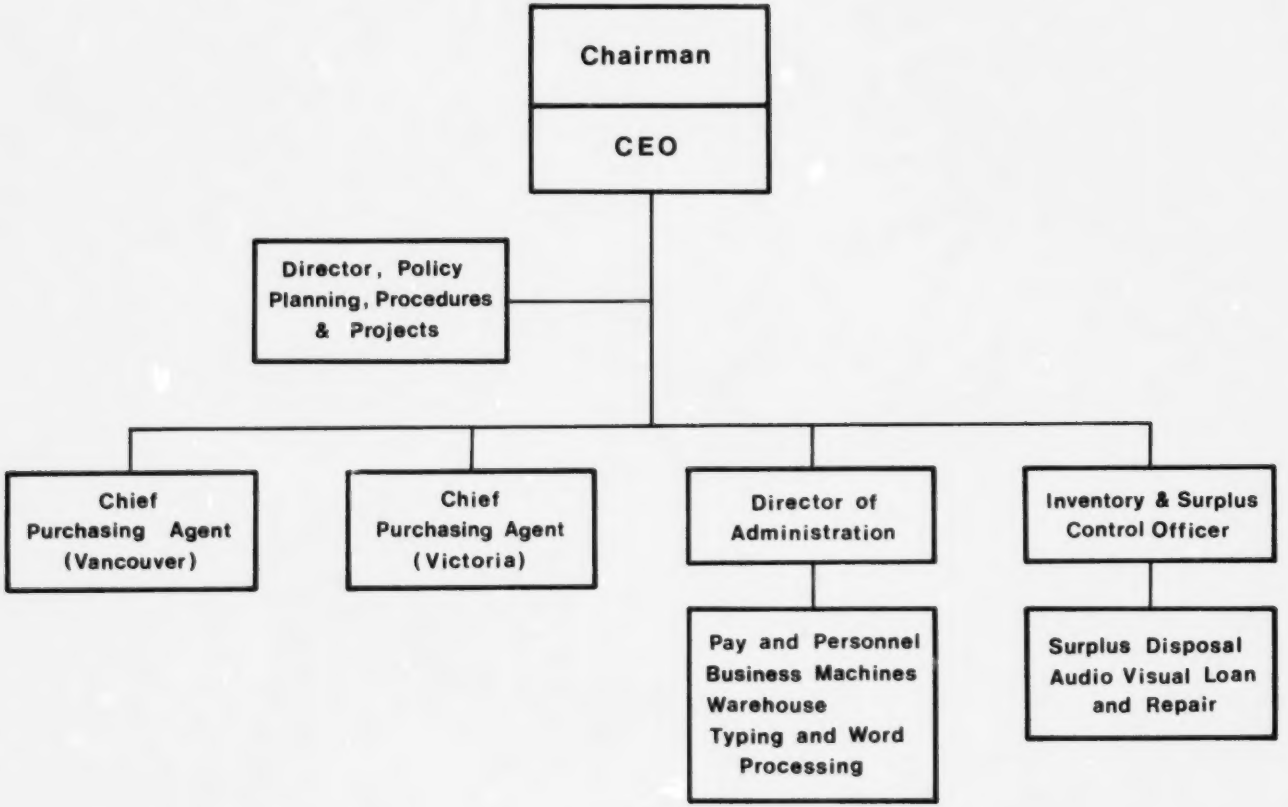
In 1982, the Purchasing Commission established a planning and research group to carry out design projects and to examine commission policies and procedures. Work also began on a policy and procedures manual.

Purchasing

The purchasing groups in Victoria and Vancouver buy the supplies required by government ministries and the British Columbia Buildings and British Columbia Ferry Corporations. The groups maintain and develop product and market expertise in particular kinds of commodities and maintain personal knowledge of user needs. The groups also coordinate government buying to ensure maximum value and economy to the province.

In 1982, the groups improved communication with their government clients in order to consolidate purchasing requirements wherever possible. Consolidation was promoted by the development of government-wide standards for automobiles, office furniture and other consumable and durable items. Bulk purchasing was possible for 10 items including motor vehicles, electric typewriters and paint. Twelve standing

PURCHASING COMMISSION



offer agreements (agreements to purchase specified amounts at predetermined prices over a given time from a particular company) were completed. During the year, the commission issued 32,924 purchase orders for an estimated total value of $298 million.

Surplus, Loan and Audiovisual

The *Surplus, Loan and Audiovisual Division* disposes of surplus equipment and supplies, either by transfer to other ministries or by sale outside government. The division also lends surplus furniture to government offices on a temporary basis, eliminating the need for rentals from the private sector. Audiovisual equipment is loaned and an audiovisual equipment repair service operated on a no-charge basis for ministries. In addition, the division maintains an up-to-date inventory of all office furniture owned by government.

In 1982, surplus sales generated $1.94 million, of which $1.1 million was returned to various ministries. The balance, less commission expenses, was deposited in the Province's consolidated revenue fund. The division carried out 1,819 furniture real-locations to all government ministries. The furniture loan service supplied short-term needs throughout government, resulting in estimated rental savings of $100,000 for the year.

The audiovisual lending library and repair service made 659 loans during the year for estimated rental savings of $48,200. The division repaired 270 audiovisual units of all types, saving approximately $25,800 in labour costs.

Business Machines

The *Business Machines* division is responsible for the maintenance of 32,000 government-owned typewriters, dictating machines and calculators.

In 1982, the division completed 7,178 field preventive maintenance inspections and 13,864 field and shop repairs. More than 280 surplus units were reconditioned and transferred to various ministries, eliminating the need for new machine purchases. At a conservative estimate of $500 per unit this resulted in a saving of $141,000 in typewriter purchases. The division also made short-term loan machines available to ministries on a no-charge basis, resulting in a saving of approximately $3,000 over the rental cost.

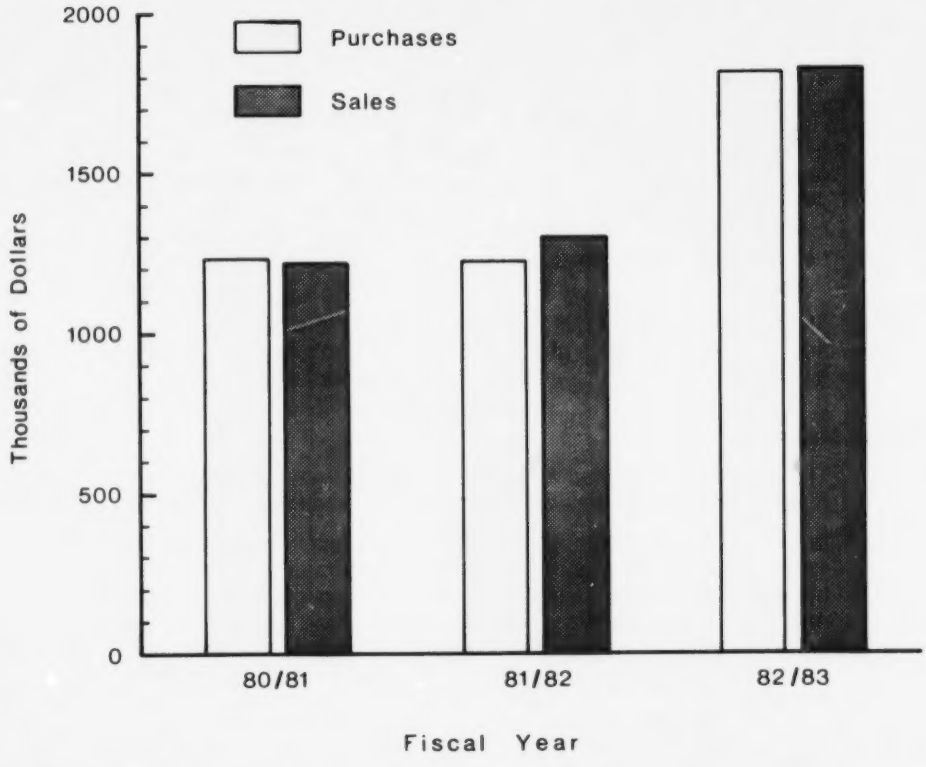
In 1982, the effectiveness and efficiency of the business machine repair operation was measured by the response time to calls and by the repair cost per unit. The division responded to 90 per cent of repair request calls within 1.5 days, meeting the established standard. Repair costs per machine were less than $40, which met the efficiency standard.

Warehouse

The *Warehouse* of the Purchasing Commission stocks supplies and equipment needed by government on an emergency basis, such as fire-fighting equipment for the Ministry of Forests, and products purchased in bulk for resale to ministries.

In 1982, the Warehouse filled 920 requisitions and 180 Local Minor Purchase Orders for a total value of $1.9 million. The Warehouse also shipped more than 9,000 items weighing a total 520,000 pounds to all parts of the province. Sales in 1982 were approximately $500,000 higher than for the previous year because the Warehouse was able to bulk-buy a number of items and pass the savings on to its government clients.

PURCHASING COMMISSION
WAREHOUSE PURCHASES AND SALES



Administration and Management

The *Administration and Management Division* provides support systems and administrative services for the rest of the commission. In matters of administrative procedure, the division acts as liaison with ministries and Crown corporations. In 1982, this division was able to meet its various performance targets for processing purchasing requisitions as required by the Purchasing Commission.

The Administration and Management Division introduced new volume and bulk-buying techniques in 1982 which are expected to save the commission approximately 30 per cent on the cost of goods purchased. A study to automate the commission's manual processes and information systems, which will result in major savings in the purchasing operation, was undertaken. Current practices were examined in order to streamline purchase procedures, and Purchasing Commission computer systems were coordinated with those of the Office of the Comptroller General.

INFORMATION SERVICES

In 1982, *Information Services* continued to provide information to the public and news media through the writing and distribution of news releases and by responding to written and verbal enquiries concerning the Ministry of Finance and the economic and financial affairs of the government.

The branch also coordinated responses to questions posed to the Minister of Finance by members of the Legislative Assembly during the 1982 parliamentary sessions.

All major Ministry of Finance publications (see below) were produced and distributed by the branch as well as several manuals and informational brochures:

- Suggestion Awards Booklet
- Purchasing Commission User Brochure
- Compensation Stabilization Brochure
- Appealing Your Property Assessment
- A Guidebook for Chairmen—Courts of Revision
- Treasury Bills Information Package
- British Columbia Government Agency Brochure

In August 1982, all in-government publications were discontinued. Before that time the *Information Services Branch* produced and distributed two editions of the Ministry newsletter *The Treasury* and one edition of *Management News*, a newsletter for all managers within government.

MINISTRY OF FINANCE PUBLICATIONS 1982

British Columbia Budget 1982
Background Papers to the 1982 Budget
Financial and Economic Review
Interim Financial Statements for the Ten Months Ended January 31, 1982
Estimates, Fiscal Year Ending March 31, 1983
Public Accounts 1980-81 (Vols. 1, 2 and 3)
Quarterly Financial Reports, Fiscal Year 1982-83
Ministry of Finance Annual Report 1981
Response to the 1981 Report of the Auditor General
Appealing Your Property Assessment
Guidebook for Chairmen—Courts of Revision
British Columbia Government Agency Brochure
Compensation Stabilization Brochure and Information Package

LEGISLATION ADMINISTERED BY THE MINISTRY OF FINANCE

Assessment Act
Assessment Authority Act
Auditor General Act
Bonding Act
British Columbia Railway Finance Act
Business Licence Act
Capital Commission Act
Compensation Stabilization Act
Corporation Capital Tax Act
Deficit Repayment Act
Education (Interim) Finance Act
Educational Institution Capital Finance Act
Esquimalt and Nanaimo Railway Belt Tax Act
Financial Administration Act
Financial Information Act
Gasoline (Coloured) Tax Act
Gasoline Tax Act
Horse Racing Tax Act
Hospital District Finance Act
Hotel Room Tax Act
Housing and Employment Development Financing Act
Income Tax Act
Insurance Premium Tax Act
Land Tax Deferment Act
Law Stamp Act
Logging Tax Act
Mining Tax Act
Motive Fuel Use Tax Act
Pacific North Coast Native Cooperative Act
Probate Fee Act
Provincial Debt Refinancing Act
Public Service Bonding Act
Purchasing Commission Act
Rate Increase Restraint Act
Resource Revenue Stabilization Fund Act
School District Capital Finance Act
Social Service Tax Act
Special Appropriations Act
Supply Act—annual
System Act
Taxation (Rural Area) Act
Tobacco Tax Act
Unclaimed Money Act

Queen's Printer for British Columbia ©
Victoria, 1983

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